



Health Services
LOS ANGELES COUNTY

August 17, 2010

**Los Angeles County
Board of Supervisors**

Gloria Molina
First District

Mark Ridley-Thomas
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**AMENDMENT TO ON-SITE DOCUMENT SCANNING SERVICES
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

SUBJECT

John F. Schunhoff, Ph.D.
Interim Director

Gail V. Anderson, Jr., M.D.
Interim Chief Medical Officer

Request approval to add a Department of Health Services facility to the Proposition A Agreement with Caban Resources, LLC for on-site document scanning services.

IT IS RECOMMENDED THAT YOUR BOARD:

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: 213-240-8101
Fax: 213-481-0503

www.dhs.lacounty.gov

*To improve health
through leadership,
service and education*

1. Approve and instruct the Chair to sign the attached Amendment No. 1 to Agreement No. 77273 with Caban Resource, LLC (Caban), to: (i) provide on-site document scanning services (scanning services) at Rancho Los Amigos National Rehabilitation Center (Rancho), effective upon approval by your Board, at an estimated annual cost of \$0.3 million, (ii) increase the County's maximum obligation from \$8.8 million to \$9.6 million for the base term, and (iii) add non-substantive language to clarify certain provisions.

2. Delegate authority to the Interim Director of Health Services (Interim Director), or his designee, to execute future amendments to Agreement No. 77273 to: (i) revise or incorporate provisions to be consistent with all applicable State law and regulations, County Ordinances and Board policy; and (ii) make appropriate non-substantive changes to the Agreement to add clarity, or correct errors and omissions, subject to prior review and approval by the Chief Executive Office and County Counsel, with notice to your Board.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTIONS

Approval of the first recommendation will allow the Chair to execute an amendment to the Agreement with Caban, Exhibit I, for performance of services associated with scanning of paper medical records into the

www.dhs.lacounty.gov



Department of Health Services' (DHS) electronic document management system, Quantim Electronic Data Management (EDM), at Rancho. Rancho deployed its medical records scanning operations in late

May 2010 with DHS staff who had been placed on light or restricted duty. However, there are insufficient DHS staff resources to maintain this operation in addition to its customary Health Information Management (HIM) functions. Therefore, the current Caban Agreement will be amended to include additional staff at Rancho. The recommended Amendment also includes the addition of non-substantive language to clarify how the hourly rates are applied.

Approval of the second recommendation will allow DHS to update the Agreement for regulatory or statutory changes and make non-substantive changes to clarify provisions, as a result of ongoing operational assessments of the program.

Implementation of Strategic Plan Goals

The recommended actions support Goal 4, Health and Mental Health, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The County's maximum obligation under the Agreement will increase \$0.8 million, from \$8.8 million to \$9.6 million, for the base term of May 11, 2010 through June 30, 2013, for the provision of scanning services at Rancho based on the same rates currently reflected in the Agreement. Attachment I provides details of the annual cost.

The Department prepared the cost analysis for scanning services at Rancho (Attachment II), in accordance with Auditor-Controller (A-C) guidelines and methodologies, and determined that the addition of these services is cost-effective, with a total cost savings of \$0.1 million (13.65 percent). The A-C did not review this cost analysis, as the \$0.3 million increase to the annual contract amount is less than the threshold amounts defined by the A-C in Section 12.2.2 of the County Fiscal Manual. The A-C previously reviewed and approved the Department's cost analysis for the original contract amount of \$8.8 million.

Funding is included in DHS Fiscal Year (FY) 2010-11 Adopted Budget and will be requested in future fiscal years.

FACTS AND PROVISIONAL/LEGAL REQUIREMENTS

On May 11, 2010, your Board approved and executed Proposition A (Prop. A) Agreement No. 77273 with Caban for the provision of on-site scanning services. The

Agreement term is for three years and includes provisions to extend the Agreement term for up to two additional one-year periods, through June 30, 2015.

The recommended Amendment removes the reference to a Performance Requirement Summary attachment in the section regarding liquidated damages, correcting a ministerial error. This revision does not alter or eliminate the Department's ability to collect liquidated damages in the event of Contractor non-compliance.

County Counsel has reviewed and approved Exhibit I as to use and form.

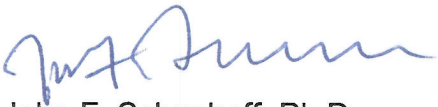
CONTRACTING PROCESS

Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended Amendment will allow DHS to continue the transition to electronic health records.

Respectfully submitted,



John F. Schunhoff, Ph.D.
Interim Director

JFS:rg

Attachments (3)

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

**DEPARTMENT OF HEALTH SERVICES
ESTIMATED CONTRACT COST
FOR
ON-SITE DOCUMENT SCANNING SERVICES**

ESTIMATED CONTRACT COST:

FISCAL YEAR	HARBOR	LAC+USC	RANCHO	TOTAL
2009-10	\$ 79,800	\$ 526,500		\$ 606,300
2010-11	319,200	2,527,196	265,200	\$ 3,111,596
2011-12	159,600	2,527,196	265,200	\$ 2,951,996
2012-13	159,600	2,527,196	265,200	\$ 2,951,996
TOTAL	\$ 718,200	\$ 8,108,088	\$ 795,600	\$ 9,621,888

**COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES
ON-SITE DOCUMENT SCANNING SERVICES - PROPOSITION A CONTRACTING
RANCHO LOS AMIGOS NATIONAL REHABILITATION CENTER**

COST COMPARISON FOR SCANNING SERVICES

		COUNTY	
DIRECT			
Salaries	\$	716,585	
Employee Benefits	\$	204,800	
Total Labor	\$	921,385	
		TOTAL COUNTY COST	\$921,385
		CONTRACTOR	
DIRECT			
Salaries	\$	795,600 *	
Employee Benefits	\$	-	
Total Labor	\$	795,600	
		TOTAL CONTRACTOR COST	\$ 795,600
		ANNUAL ESTIMATED SAVINGS FROM CONTRACTING	\$ 125,785
		SAVINGS PERCENTAGE	13.65%

* Includes Employee Benefit Rates